LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS

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FISCAL IMPACT STATEMENT

LS 6498 **NOTE PREPARED:** Dec 18, 2008
BILL NUMBER: HB 1197 **BILL AMENDED:**

SUBJECT: PERF Vesting Period.

FIRST AUTHOR: Rep. Crawford **BILL STATUS:** As Introduced
FIRST SPONSOR:

FUNDS AFFECTED: X **GENERAL** **IMPACT:** State & Local
X **DEDICATED**
FEDERAL

Summary of Legislation: This bill reduces from ten to eight the number of years of creditable service a member of the Public Employees' Retirement Fund (PERF) must earn to obtain vested status.

Effective Date: July 1, 2009.

Explanation of State Expenditures: The estimated fiscal impact appears in the table below.

	State	Political Subdivisions	Total
Increase in Unfunded Accrued Liability:	$850,000	$2,650,000	$3,510,000
Increase in Annual Cost:	$1,000,000	$2,180,000	$3,170,000
Increase in Annual Cost (as % of Pay):	0.066%	0.080%	0.074%

There would be no change in the funded status of PERF, currently at 98.2%.

The funds affected for state are the General Fund (55%), or $467,500, and various dedicated funds (45%), or $382,500. The percentage split represents the split in the personal services portion of the state budget.

Explanation of State Revenues:

Explanation of Local Expenditures: See *Explanation of State Expenditures*.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: Those units with members in Public Employees' Retirement Fund.

Information Sources: Doug Todd of McCready & Keene, Inc., actuaries for PERF, 317-576-1508.

Fiscal Analyst: James Sperlik, 317-232-9866.

DEFINITIONS

Unfunded Actuarial Liability - sometimes called the unfunded liability, of a retirement system at any time is the excess of its actuarial liability at that time over the value of its cash and investments.